

### Agency Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	124.77	0.20	0.00	124.97	0.20	0.00	130.14	130.14
Personal Services	7,131,990	627,728	168,631	7,928,349	619,277	531,725	8,282,992	16,211,341
Operating Expenses	1,916,296	554,387	288,155	2,758,838	326,066	0	2,242,362	5,001,200
Equipment	98,375	(3,124)	0	95,251	(33,375)	0	65,000	160,251
<b>Total Costs</b>	<b>\$9,146,661</b>	<b>\$1,178,991</b>	<b>\$456,786</b>	<b>\$10,782,438</b>	<b>\$911,968</b>	<b>\$531,725</b>	<b>\$10,590,354</b>	<b>\$21,372,792</b>
General Fund	7,055,185	852,171	497,437	8,404,793	1,208,448	538,330	8,801,963	17,206,756
State/Other Special	2,091,476	326,820	(40,651)	2,377,645	(296,480)	(6,605)	1,788,391	4,166,036
<b>Total Funds</b>	<b>\$9,146,661</b>	<b>\$1,178,991</b>	<b>\$456,786</b>	<b>\$10,782,438</b>	<b>\$911,968</b>	<b>\$531,725</b>	<b>\$10,590,354</b>	<b>\$21,372,792</b>

### Agency Description

The Legislative Branch consists of the Senate, House of Representatives, Legislative Services Division, Legislative Fiscal Division and the Legislative Audit Divisions provided in 5-2-504, MCA. The Senate and the House of Representatives create the laws of the state and fund the functions of state government. The standing and interim committees of the legislature, aided by supporting divisions of the Legislative Branch, monitor all of the functions of state government and report to the legislature.

The four standing committees that provide over-sight for the Legislative Branch are the Legislative Finance Committee, Legislative Council, Legislative Audit Committee, and the Environmental Quality Council. These committees provide oversight and management of the legislative functions during the interim.

The budget for the three staff divisions and legislative interim work is presented in HB 2. The budget for House and Senate activity is presented in HB 1, the "feed bill."

### Agency Highlights

Legislative Branch Major Budget Highlights	
Total funding increases over the 2004 base year include:	
♦ New proposals of \$1.1 million for:	
• \$200,000 for an interim study of the school funding formula, SB 525	
• \$88,000 for a legislative audit of Public Defender Services across six counties, SB 146	
• \$800,000 to implement the pay plan in HB 447	
♦ Statewide and other present law adjustments of \$2 million primarily reflect the cyclical nature of the cost of legislative sessions not included in the base year, and are for:	
• \$650,000 for cost of interim work and preparation for the next legislative session	
• \$182,000 for statewide fixed costs	
• \$1.2 million in personal services	
♦ The Legislative Branch budget is established as biennial	

### Summary of Legislative Action

The legislature approved a budget that maintains operations of the three divisions at present law levels, with the increases coming: 1) \$200,000 for an interim study on school funding; 2) \$88,155 for legislative audits of the public defender services in six counties; and 3) \$812,000 to implement the pay plan adopted in HB 447.

Of the \$2 million in present law adjustments, \$651,000 is for the cost of interim work as well as preparation for the next legislative session, and \$1.3 million over the biennium is for statewide present law adjustments.

The legislature approved a reduction in state special revenue by \$112,369 to apply vacancy savings to the Audit and Examination Division.

### Funding

The following table summarizes funding for the agency, by program and source, as appropriated by the legislature. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2007 Biennium Legislative Budget				
Agency Program	General Fund	State Spec.	Grand Total	Total %
20 Legislative Services	\$ 9,833,320	\$ 1,237,760	\$ 11,071,080	51.80%
21 Legis. Committees & Activities	618,562	-	618,562	2.89%
27 Fiscal Analysis & Review	2,712,578	-	2,712,578	12.69%
28 Audit & Examination	4,042,296	2,928,276	6,970,572	32.61%
Grand Total	<u>\$ 17,206,756</u>	<u>\$ 4,166,036</u>	<u>\$ 21,372,792</u>	<u>100.00%</u>

The Legislative Branch is funded with general fund except for state special revenue appropriations that support costs associated with the state broadcasting service; the preparation, publication, and distribution of Montana Code Annotated text and annotations; and the Audit and Examination Program.

The Legislative Branch budget is presented in annual format for budget review only. The budget is established as biennial to respond to the need to manage the branch cyclical expenditures and revenues.

### Other Legislation

House Bill 28 - This bill establishes a Legislative Branch reserve account in the state special revenue fund. Money deposited into the account is statutorily appropriated to the Legislative Services Division. Any portion of the 30 percent “carry forward” of the agency’s unexpended and unencumbered money as provided in 17-7-140, MCA, and any portion of unexpended and unencumbered money appropriated for the operation of the preceding legislature, may be deposited in the account. The Legislative Services Division may only use the money with the approval of the Legislative Council for large-scale information technology projects, including the purchase of hardware, software, and consulting services for new initiatives and replacement and upgrading of existing systems. The financial impact of this legislation may vary from session to session.

House Bill 790 - This bill requires the Environmental Quality Council to: 1) conduct a study on split estates of property between mineral owners and surface owners related to oil and gas development and coal bed methane reclamation and bonding; and 2) establish and organize a subcommittee to perform the study. HB 790 allocates up to \$50,000 state special revenue from oil and natural gas production tax receipts over the biennium to the Legislative Services Division for \$15,000 in personal services and \$35,000 in operating expenses to conduct the study.

Senate Bill 61 - This bill provides for the appointment of a legislative liaison from each party and from the membership of the Economic Affairs Interim Committee to the State Compensation Insurance Fund board of directors. Although there is no appropriation attached to this bill, it is estimated that, based upon two legislators attending five meetings per year, expenditures to the Legislative Branch and the Montana State Fund would not exceed \$1,815, and \$1,000 respectively, each year.

Senate Bill 146 - This bill establishes a statewide public defender system to deliver assigned counsel services in state, county, municipal, and city courts. SB 146 also requires a legislative audit of Flathead, Yellowstone, Lewis and Clark, Missoula, Gallatin and Cascade counties to ensure allocations are calculated based on actual costs. The total audit cost is expected to be \$176,310. The state and each of the six counties pay 50 percent of the audit costs resulting in an appropriation of \$88,155 to the Audit and Examination Program through HB 2.

Senate Bill 525 - This bill provides for an eleven-member interim committee comprising eight legislators and three ex-officio, non-voting members representing the Board of Public Education, the Office of Public Instruction, and the Governor or a designee, to study the school funding formula. The eight legislative committee members are entitled to compensation and reimbursement of expenses. The chair of the Board of Public Education, a non-recompensed position, may require lodging and per diem for committee meetings and may request reimbursement from the committee. General fund of \$200,000 was added in HB 2 to fund this study.

Study Resolutions and Interim Studies - The legislature passed several bills containing study resolutions requesting specific interim studies. These studies are prioritized by legislative direction, and available staff and funding. As many studies as possible will be completed during the interim period.

Senate Bill 525 establishes an interim committee to study the school funding formula and House Bill 790 establishes an interim committee to study split estates and coal bed methane reclamation and bonding. The following house and senate joint resolutions request interim studies. They are listed in priority order as voted by members of the legislature following the end of the session. House Joint Resolutions are titled HJR, and Senate Joint Resolutions are titled SJR.

Resolutions Requesting Interim Studies During the 2007 Biennium		
Presented in Order of Priority		
Resolution		Purpose
HJR 42		Investment of pension funds
SJR 37		Child protection systems
HJR 36		Resource indemnity trust funding and allocation
HJR 44		Taxation of oil and gas production, equipment, and transmission pipelines
HJR 10		Fire-related statutes for suppression and mitigation
HJR 43		Classification and valuation of agricultural land
HJR 33		Contract timber harvesting
SJR 39		The possible creation of ongoing energy planning and coordinating entities
SJR 41		A mental health crisis response system
SJR 6		Legal services for low and moderate income Montanans
SJR 36		Distributed energy generation
SJR 38		Issues related to identity theft
HJR 34		Impacts of superfund sites on surrounding communities
HJR 26		State financial reliance on fed funds and the implications of federal budget deficits
SJR 35		Professional and occupational licensing boards
HJR 41		Economic development in Indian country
HJR 15		Sentencing equity
SJR 11		The subdivision review process
HJR 30		FWP licenses, permits, and landowner incentives
SJR 40		Delivery of prosecution services
HJR 45		Funding for wireless enhanced 911
SJR 14		An interim review of the state active duty process

**Executive Budget Comparison**

The following table compares the legislative budget for the 2007 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2004	Executive Budget Fiscal 2006	Legislative Budget Fiscal 2006	Leg – Exec. Difference Fiscal 2006	Executive Budget Fiscal 2007	Legislative Budget Fiscal 2007	Leg – Exec. Difference Fiscal 2007	Biennium Difference Fiscal 06-07
FTE	124.77	124.97	124.97	0.00	130.14	130.14	0.00	
Personal Services	7,131,990	7,773,236	7,928,349	155,113	7,751,267	8,282,992	531,725	686,838
Operating Expenses	1,916,296	2,902,952	2,758,838	(144,114)	2,373,913	2,242,362	(131,551)	(275,665)
Equipment	98,375	103,000	95,251	(7,749)	65,000	65,000	0	(7,749)
<b>Total Costs</b>	<b>\$9,146,661</b>	<b>\$10,779,188</b>	<b>\$10,782,438</b>	<b>\$3,250</b>	<b>\$10,190,180</b>	<b>\$10,590,354</b>	<b>\$400,174</b>	<b>\$403,424</b>
General Fund	7,055,185	8,360,892	8,404,793	43,901	8,395,184	8,801,963	406,779	450,680
State/Other Special	2,091,476	2,418,296	2,377,645	(40,651)	1,794,996	1,788,391	(6,605)	(47,256)
<b>Total Funds</b>	<b>\$9,146,661</b>	<b>\$10,779,188</b>	<b>\$10,782,438</b>	<b>\$3,250</b>	<b>\$10,190,180</b>	<b>\$10,590,354</b>	<b>\$400,174</b>	<b>\$403,424</b>

The legislature approved an increase to the general fund to provide \$813,000 for the pay plan increase authorized in HB 447, and provide \$200,000 to conduct an interim school funding study and \$88,000 for the legislative audit of the Public Defender Services provided in HB 146. The legislature did not approve \$650,000 for: 1) the expansion of audio minutes for the 2007 session; 2) the upgrade of existing laptop computers for use by legislators; 3) a contract for the development and initial implementation of a disaster recovery and security plan for mission-critical systems; 4) legislative participation in regional and national organizations; and 5) dues to the Council of State Governments.

The reduction in state special revenue is due to application of vacancy savings to the Audit and Examination Program that is offset by an increase of \$65,000 for the new pay plan.

### Program Legislative Budget

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	50.80	0.20	0.00	51.00	0.20	0.00	56.17	56.17
Personal Services	2,984,223	301,641	97,808	3,383,672	362,801	254,590	3,601,614	6,985,286
Operating Expenses	1,445,739	469,395	200,000	2,115,134	364,670	0	1,810,409	3,925,543
Equipment	98,375	(3,124)	0	95,251	(33,375)	0	65,000	160,251
<b>Total Costs</b>	<b>\$4,528,337</b>	<b>\$767,912</b>	<b>\$297,808</b>	<b>\$5,594,057</b>	<b>\$694,096</b>	<b>\$254,590</b>	<b>\$5,477,023</b>	<b>\$11,071,080</b>
General Fund	3,708,761	729,313	297,808	4,735,882	1,134,087	254,590	5,097,438	9,833,320
State/Other Special	819,576	38,599	0	858,175	(439,991)	0	379,585	1,237,760
<b>Total Funds</b>	<b>\$4,528,337</b>	<b>\$767,912</b>	<b>\$297,808</b>	<b>\$5,594,057</b>	<b>\$694,096</b>	<b>\$254,590</b>	<b>\$5,477,023</b>	<b>\$11,071,080</b>

### Program Description

The Legislative Services Division has five sections: Central Services, Office of Research and Policy Analysis, Legal Services, Legislative Environmental Policy Office, and Office of Legislative Information Technology.

The Legislative Services Division provides research, reference, legal, technical, information technology, and administrative support services to the House, Senate, and other divisions of the Legislative Branch. Division services include: 1) bill and amendment drafting, preparation of bills for introduction, and engrossing and enrolling bills; 2) publication of legislative documents of record; 3) provision of legislative research and reference services; legal counseling on legislative matters and agency legal support; 4) agency management and business services; 5) planning, installation and maintenance of the agency computer network and applications; 6) legislative committee staffing and support; 7) preparation, publication and distribution of the Montana Code Annotated text and annotations; 8) review of the text of proposed ballot measures; 9) broadcasting of legislative activities; and 10) provision of legislative information to the public. The Legislative Council provides policy guidance to the Legislative Services Division.

### Program Highlights

Legislative Services Division Major Budget Highlights	
Total funding increases over the 2004 base year include:	
♦	New proposals of \$552,000 comprising: <ul style="list-style-type: none"> <li>• \$200,000 for an interim study of the school funding formula</li> <li>• \$352,000 to implement the pay plan in HB 447</li> </ul>
♦	Statewide and other present law adjustments of \$1.5 million primarily reflect the cyclical nature of the cost of legislative sessions not included in the base year, and are for: <ul style="list-style-type: none"> <li>• \$631,000 for cost of interim work and preparation for the next legislative session</li> <li>• \$162,000 for statewide fixed costs</li> <li>• \$700,00 in personal services</li> </ul>

**Funding**

The following table shows program funding, by source, for the base year and for the 2007 biennium as appropriated by the legislature.

		Program Funding Table					
		Legislative Services					
Program Funding		Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01000	Total General Fund	\$ 3,708,761	81.9%	\$ 4,735,882	84.7%	\$ 5,097,438	93.1%
	01100 General Fund	3,708,761	81.9%	4,735,882	84.7%	5,097,438	93.1%
02000	Total State Special Funds	819,576	18.1%	858,175	15.3%	379,585	6.9%
	02800 Reimbursable Activities	793,171	17.5%	814,184	14.6%	348,714	6.4%
	02985 State Government Broadcasting	26,405	0.6%	43,991	0.8%	30,871	0.6%
Grand Total		<u>\$ 4,528,337</u>	<u>100.0%</u>	<u>\$ 5,594,057</u>	<u>100.0%</u>	<u>\$ 5,477,023</u>	<u>100.0%</u>

The Legislative Services Program is funded with general fund and state special revenue that supports costs associated with the state broadcasting service as well as the preparation, publication, and distribution of Montana Code Annotated text and annotations.

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----						-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					301,641					362,801
Inflation/Deflation					(2,527)					(2,526)
Fixed Costs					83,577					87,380
<b>Total Statewide Present Law Adjustments</b>					<b>\$382,691</b>					<b>\$447,655</b>
DP 2 - Audio Recordings as Committee Minutes										
0.00 30,251	0.00	30,251	0	0	30,251	0.00	0	0	0	0
DP 12 - Increase Branch Personnel Services FTE										
0.20 0	0.20	0	0	0	0	0.20	0	0	0	0
DP 50 - LSD Program Operations										
0.00 327,338	0.00	327,338	27,632	0	354,970	0.00	516,166	(269,725)	0	246,441
<b>Total Other Present Law Adjustments</b>										
0.20 \$357,589	0.20	\$357,589	\$27,632	\$0	\$385,221	0.20	\$516,166	(\$269,725)	\$0	\$246,441
<b>Grand Total All Present Law Adjustments</b>					<b>\$767,912</b>					<b>\$694,096</b>

DP 2 - Audio Recordings as Committee Minutes - The legislature approved \$30,251 general fund for continuation of audio recordings of session committee hearing minutes for the 2007 biennium.

DP 12 - Increase Branch Personnel Services FTE - The legislature approved 0.20 FTE to be combined with an existing 0.80 FTE to establish a full-time position to provide in-house personnel services to the Legislative Branch. The Legislative Council approved funding for this position during the 2005 biennium in June 2004; there is no funding impact associated with this decision package.

DP 50 - LSD Program Operations - The legislature approved an increase over the biennium of \$659,082 for cyclical costs associated with support of the 2007 legislative session not reflected in even-numbered base years, such as preparation and publication of the Montana Codes Annotated and other legislative publications, temporary staff, copying, and office supplies.

**New Proposals**

New Proposals										
-----Fiscal 2006-----						-----Fiscal 2007-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 101 - Interim School Funding Study (Biennial/OTO)										
20	0.00	200,000	0	0	200,000	0.00	0	0	0	0
DP 6010 - 2007 Biennium Pay Plan - HB 447										
20	0.00	97,808	0	0	97,808	0.00	254,590	0	0	254,590
<b>Total</b>	<b>0.00</b>	<b>\$297,808</b>	<b>\$0</b>	<b>\$0</b>	<b>\$297,808</b>	<b>0.00</b>	<b>\$254,590</b>	<b>\$0</b>	<b>\$0</b>	<b>\$254,590</b>

DP 101 - Interim School Funding Study (Biennial/OTO) - The legislature approved a one-time-only, biennial appropriation of \$200,000 general fund to support an interim study on school funding.

DP 6010 - 2007 Biennium Pay Plan - HB 447 - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the program's allocation of costs to fund this pay plan.

**Program Legislative Budget**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	0.97	0.00	0.00	0.97	0.00	0.00	0.97	0.97
Personal Services	54,584	40,416	0	95,000	(22,454)	0	32,130	127,130
Operating Expenses	277,858	46,874	0	324,732	(111,158)	0	166,700	491,432
<b>Total Costs</b>	<b>\$332,442</b>	<b>\$87,290</b>	<b>\$0</b>	<b>\$419,732</b>	<b>(\$133,612)</b>	<b>\$0</b>	<b>\$198,830</b>	<b>\$618,562</b>
General Fund	332,442	87,290	0	419,732	(133,612)	0	198,830	618,562
<b>Total Funds</b>	<b>\$332,442</b>	<b>\$87,290</b>	<b>\$0</b>	<b>\$419,732</b>	<b>(\$133,612)</b>	<b>\$0</b>	<b>\$198,830</b>	<b>\$618,562</b>

**Program Description**

The Legislative Committees and Activities Program processes and monitors the expenditures of legislative committees and activities, particularly those conducted during the interim between legislative sessions. Services include: 1) limited support of interim studies activities established under 5-5-202 through 5-5-217, MCA; 2) support of interstate cooperation activities of the legislature; and 3) support of other legislative activities for which appropriations are made.

There are eight interim committees: Economic Affairs and Labor; Education and Local Government; Children, Families, Health and Human Service; Law and Justice; Energy and Telecommunications; Revenue and Transportation; State Administration and Veterans' Affairs, and State-Tribal Relations.

**Program Highlights**

Legislative Committees and Activities Major Budget Highlights	
The 2007 biennium budget is \$46,000 lower than the 2004 base year due to:	
♦	Statewide and other present law adjustments of:
•	\$139,000 for interim committee work
•	\$39,000 for statewide present law adjustments
♦	Elimination of funds for:
•	\$79,000 to support legislative participation in regional and national organizations
•	\$145,000 in dues to the Council of State Governments

**Funding**

This program is funded with general fund.



**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments											
-----Fiscal 2006-----						-----Fiscal 2007-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services					19,852					19,899	
Inflation/Deflation					(77)					(75)	
Total Statewide Present Law Adjustments					\$19,775						\$19,824
DP 51 - Legislative Committees & Activities Pgm Operations											
	0.00	138,896	0	0	138,896	0.00	(79,556)	0	0	(79,556)	
DP 106 - Eliminate dues for Council of State Governments											
	0.00	(71,381)	0	0	(71,381)	0.00	(73,880)	0	0	(73,880)	
Total Other Present Law Adjustments											
	0.00	\$67,515	\$0	\$0	\$67,515	0.00	(\$153,436)	\$0	\$0	(\$153,436)	
Grand Total All Present Law Adjustments					\$87,290						(\$133,612)

DP 51 - Legislative Committees & Activities Program Operations - The legislature approved an additional \$59,340 general fund over the biennium for costs associated with the Legislative Council, Environmental Quality Council, and eight interim committees.

DP 106 - Eliminate dues for Council of State Governments - The legislature reduced the agency budget by \$145,261 general fund over the biennium to eliminate dues for the Council of State Governments.

### Program Legislative Budget

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Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	18.50	0.00	0.00	18.50	0.00	0.00	18.50	18.50
Personal Services	1,130,237	101,333	36,167	1,267,737	97,988	92,472	1,320,697	2,588,434
Operating Expenses	40,574	(1,002)	0	39,572	43,998	0	84,572	124,144
<b>Total Costs</b>	<b>\$1,170,811</b>	<b>\$100,331</b>	<b>\$36,167</b>	<b>\$1,307,309</b>	<b>\$141,986</b>	<b>\$92,472</b>	<b>\$1,405,269</b>	<b>\$2,712,578</b>
General Fund	1,170,811	100,331	36,167	1,307,309	141,986	92,472	1,405,269	2,712,578
<b>Total Funds</b>	<b>\$1,170,811</b>	<b>\$100,331</b>	<b>\$36,167</b>	<b>\$1,307,309</b>	<b>\$141,986</b>	<b>\$92,472</b>	<b>\$1,405,269</b>	<b>\$2,712,578</b>

### Program Description

The Legislative Fiscal Division provides the legislature with objective fiscal information and analysis relevant to Montana public policy and budget determination. Division services include: 1) fiscal analysis of state government and the furnishing of information bearing upon the financial matters of the state; 2) identification of ways to effect economy and efficiency in state government; 3) estimation of revenue and analysis of tax policy; 4) analysis of the executive budget; 5) compiling and analyzing fiscal information for legislators and legislative committees; and 6) staffing and support for legislative committees, including the preparation and processing of the General Appropriations Act. The Legislative Finance Committee provides guidance to the Legislative Fiscal Division.

### Program Highlights

Legislative Fiscal Division Major Budget Highlights
<p>Total funding increases over the FY 2004 base budget include:</p> <ul style="list-style-type: none"> <li>◆ \$129,000 to implement the pay plan in HB 447</li> <li>◆ Statewide and other present law adjustments of \$242,000 due to: <ul style="list-style-type: none"> <li>• \$45,000 for cost of preparation for the next legislative session</li> <li>• \$197,000 in personal services and a deflation adjustment</li> </ul> </li> </ul> <p>Increases in present law adjustments reflect the cyclical nature of cost of legislative sessions that are not in the base year</p>

### Funding

This program is funded with general fund.

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----						-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					101,333					97,988
Inflation/Deflation					(1,002)					(1,002)
<b>Total Statewide Present Law Adjustments</b>					<b>\$100,331</b>					<b>\$96,986</b>
DP 57 - LFD Program Operations										
	0.00	0	0	0	0	0.00	45,000	0	0	45,000
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>\$45,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$45,000</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$100,331</b>					<b>\$141,986</b>

DP 57 - LFD Program Operations - The legislature approved \$45,000 in FY 2007 for cyclical operating costs associated with support of the 2007 legislative session that are not reflected in the base year. Costs include payment of staff overtime, temporary services, printing, photocopy pool costs, office supplies, and interim study committees and activities.

**New Proposals**

New Proposals										
-----Fiscal 2006-----						-----Fiscal 2007-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6010 - 2007 Biennium Pay Plan - HB 447										
27	0.00	36,167	0	0	36,167	0.00	92,472	0	0	92,472
<b>Total</b>	<b>0.00</b>	<b>\$36,167</b>	<b>\$0</b>	<b>\$0</b>	<b>\$36,167</b>	<b>0.00</b>	<b>\$92,472</b>	<b>\$0</b>	<b>\$0</b>	<b>\$92,472</b>

DP 6010 - 2007 Biennium Pay Plan - HB 447 - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the program's allocation of costs to fund this pay plan.

### Program Legislative Budget

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	54.50	0.00	0.00	54.50	0.00	0.00	54.50	54.50
Personal Services	2,962,946	184,338	34,656	3,181,940	180,942	184,663	3,328,551	6,510,491
Operating Expenses	152,125	39,120	88,155	279,400	28,556	0	180,681	460,081
<b>Total Costs</b>	<b>\$3,115,071</b>	<b>\$223,458</b>	<b>\$122,811</b>	<b>\$3,461,340</b>	<b>\$209,498</b>	<b>\$184,663</b>	<b>\$3,509,232</b>	<b>\$6,970,572</b>
General Fund	1,843,171	(64,763)	163,462	1,941,870	65,987	191,268	2,100,426	4,042,296
State/Other Special	1,271,900	288,221	(40,651)	1,519,470	143,511	(6,605)	1,408,806	2,928,276
<b>Total Funds</b>	<b>\$3,115,071</b>	<b>\$223,458</b>	<b>\$122,811</b>	<b>\$3,461,340</b>	<b>\$209,498</b>	<b>\$184,663</b>	<b>\$3,509,232</b>	<b>\$6,970,572</b>

### Program Description

The Legislative Audit Division conducts independent audits and provides factual and objective information to the legislative and executive managers of the public trust. Division services include: 1) conducting and reporting of biennial financial-compliance audits, performance audits, information systems audits, and special audits of state agency operations; 2) reporting of violation of penal statutes, instances of misfeasance, malfeasance, or nonfeasance, and shortages discovered in an audit that are covered by surety; 3) auditing records of entities under contract with the state; and 4) assisting the legislature, its committees, and its members by providing information related to the fiscal affairs of state government. The Legislative Audit Committee provides policy guidance to the Legislative Audit Division.

### Program Highlights

Legislative Audit Division Major Budget Highlights	
<p>Total funding increases over the 2004 base year include:</p> <ul style="list-style-type: none"> <li>◆ New proposals of \$307,000 comprising: <ul style="list-style-type: none"> <li>• \$331,000 to implement the pay plan in HB 447</li> <li>• \$88,000 for legislative audits of Public Defender Services in six counties, SB 146</li> <li>• A reduction of \$112,000 in state special revenue to apply vacancy savings</li> </ul> </li> <li>◆ Statewide and other present law adjustments of \$433,000 due to: <ul style="list-style-type: none"> <li>• \$372,000 in personal services and fixed costs</li> <li>• \$61,000 for cyclical adjustments in program operating costs</li> </ul> </li> </ul>	

### Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as appropriated by the legislature.

		Program Funding Table Audit & Examination					
Program Funding		Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01000	Total General Fund	\$ 1,843,171	59.2%	\$ 1,941,870	56.1%	\$ 2,100,426	59.9%
	01100 General Fund	1,843,171	59.2%	1,941,870	56.1%	2,100,426	59.9%
02000	Total State Special Funds	1,271,900	40.8%	1,519,470	43.9%	1,408,806	40.1%
	02042 Legislative Audit	<u>1,271,900</u>	<u>40.8%</u>	<u>1,519,470</u>	<u>43.9%</u>	<u>1,408,806</u>	<u>40.1%</u>
Grand Total		<u>\$ 3,115,071</u>	<u>100.0%</u>	<u>\$ 3,461,340</u>	<u>100.0%</u>	<u>\$ 3,509,232</u>	<u>100.0%</u>

The Audit and Examination Program is funded by a combination of general fund and state special revenue appropriations. Special revenue is derived through the assessment, to agencies, of federally approved hourly rate charges for audit services.

The Audit and Examination Program budget is presented in annual format for budget review only. The budget is established as biennial to respond to the need to responsibly manage branch cyclical expenditures and revenues.

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				184,338					180,942
Inflation/Deflation				(2,101)					(2,065)
Fixed Costs				5,504					5,504
<b>Total Statewide Present Law Adjustments</b>				<b>\$187,741</b>					<b>\$184,381</b>
DP 10 - LAD Cyclical Adjustments									
0.00	19,606	15,194	0	34,800	0.00	13,634	10,566	0	24,200
DP 58 - LAD Program Operations									
0.00	541	376	0	917	0.00	541	376	0	917
<b>Total Other Present Law Adjustments</b>									
<b>0.00</b>	<b>\$20,147</b>	<b>\$15,570</b>	<b>\$0</b>	<b>\$35,717</b>	<b>0.00</b>	<b>\$14,175</b>	<b>\$10,942</b>	<b>\$0</b>	<b>\$25,117</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$223,458</b>					<b>\$209,498</b>

DP 10 - LAD Cyclical Adjustments - The legislature approved an increase of \$59,000 over the biennium for cyclical costs associated with the peer review required by government auditing standards, on-site audit training costs, and contract services for the use of actuary expertise on audits of retirement systems.

DP 58 - LAD Program Operations - The legislature approved \$917 each year of the biennium for use of the motor pool.

**New Proposals**

New Proposals										
Program	FTE	-----Fiscal 2006-----				-----Fiscal 2007-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 101 - Apply vacancy savings										
28	0.00	0	(58,830)	0	(58,830)	0.00	0	(53,539)	0	(53,539)
DP 250 - Leg. Audit of Public Defender Serv - SB 146 (OTO)										
28	0.00	88,155	0	0	88,155	0.00	0	0	0	0
DP 6010 - 2007 Biennium Pay Plan - HB 447										
28	0.00	75,307	18,179	0	93,486	0.00	191,268	46,934	0	238,202
<b>Total</b>	<b>0.00</b>	<b>\$163,462</b>	<b>(\$40,651)</b>	<b>\$0</b>	<b>\$122,811</b>	<b>0.00</b>	<b>\$191,268</b>	<b>(\$6,605)</b>	<b>\$0</b>	<b>\$184,663</b>

DP 101 - Apply vacancy savings - The legislature approved the application of vacancy savings to the Legislative Audit Division reducing state special revenue by \$58,830 in FY 2006 and \$53,539 in FY2007, for total reduction of \$112,369.

DP 250 - Legislative Audit of Public Defender Services - SB 146 (OTO) - The legislature approved a biennial appropriation of \$88,155 general fund to allow the Legislative Audit Division to perform audits of the Public Defender system in the six counties specified in SB 146, the Montana Public Defender Act. The total audit cost is expected to be \$176,310. The state is to pay 50 percent, and each of the six counties (Flathead, Yellowstone, Lewis and Clark, Missoula, Gallatin and Cascade) pay 50 percent of the audit costs, for a total of \$88,155.

DP 6010 - 2007 Biennium Pay Plan - HB 447 - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the program's allocation of costs to fund this pay plan.

### Agency Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding. Also included in the table is the HB 447 pay plan allocation.

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	5.04	0.00	0.50	5.54	0.00	0.50	5.54	5.54
Personal Services	410,889	11,104	42,009	464,002	12,608	60,299	483,796	947,798
Operating Expenses	886,194	69,329	2,976	958,499	81,014	0	967,208	1,925,707
<b>Total Costs</b>	<b>\$1,297,083</b>	<b>\$80,433</b>	<b>\$44,985</b>	<b>\$1,422,501</b>	<b>\$93,622</b>	<b>\$60,299</b>	<b>\$1,451,004</b>	<b>\$2,873,505</b>
State/Other Special	1,297,083	80,433	44,985	1,422,501	93,622	60,299	1,451,004	2,873,505
<b>Total Funds</b>	<b>\$1,297,083</b>	<b>\$80,433</b>	<b>\$44,985</b>	<b>\$1,422,501</b>	<b>\$93,622</b>	<b>\$60,299</b>	<b>\$1,451,004</b>	<b>\$2,873,505</b>

### Agency Description

The Consumer Counsel was created by Article XIII, Section 2 of the 1972 Montana Constitution, and is governed by Title 5, Chapter 15, and Title 69, Chapters 1 and 2, MCA. The Consumer Counsel represents statewide consumer interests in hearings before the Public Service Commission and like agencies. The Counsel may initiate, intervene in, and participate in appropriate proceedings in the state or federal court systems or at administrative agencies on behalf of the public of Montana. The Montana Consumer Counsel is part of the legislative branch and is overseen by the Legislative Consumer Committee.

### Agency Highlights

Consumer Counsel Major Budget Highlights
<p>Funding increases over the FY 2004 base are primarily due to:</p> <ul style="list-style-type: none"> <li>◆ \$32,000 in statewide present law adjustments</li> <li>◆ \$142,000 for a present law adjustment to continue the agency's restricted contingency fund at \$250,000 per year, increase professional services, and implement minor equipment upgrades</li> <li>◆ \$105,000 of increased funding over the biennium for 0.50 FTE and the pay plan as provided in HB 447.</li> </ul>

### Summary of Legislative Action

The legislature increased the budget in state special revenue over the FY 2004 base to support \$174,000 in present law adjustments and \$105,000 to fund 0.50 FTE and the pay plan provided in HB 447.

The largest increase was for \$142,000 over the biennium comprising \$61,000 to restore the agency's contingency appropriation to \$250,000 per year, \$64,000 to increase consultants and personal services, and \$17,000 in miscellaneous expenses. There is further discussion of the contingency in the present law adjustments section.

The balance of the increase was \$32,000 over the biennium for statewide present law adjustments.

Additional increases to the budget include \$63,500 for an additional 0.50 FTE and \$41,700 to implement the pay plan adopted in HB 447.